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UNCLAS SECTION 01 OF 02 KATHMANDU 001284

SIPDIS

SENSITIVE

STATE FOR INL/C/LUNA AND BRANDOLINO
LONDON FOR POL/RIEDEL

E.O. 12958: N/A

TAGS: [KCRM](#) [PGOV](#) [SNAR](#) [PINR](#) [NP](#) [GON](#)

SUBJECT: Anti-Corruption Efforts in Nepal

REF: A) STATE 90733, B) KATHMANDU 800, C) 01 KATHMANDU 843

1. (U) Ref A requested a brief summary of recent and notable anti-corruption efforts in Nepal by the government, civil society and the private sector.

2. (SBU) Corruption is a serious and pervasive problem in Nepal, and is being recognized increasingly by both donors and government leaders as a fundamental cause of the current Maoist insurgency. The Government of Nepal (GON) has begun to take tentative steps to address it, but many of its initiatives have yet to be effectively implemented. Presently Nepal's Finance Ministry is in the process of drafting a new anti-corruption strategy.

AG and CIAA Main Government Players

3. (U) Under Nepal's 1990 Constitution, two governmental bodies are charged with investigating corruption: the Auditor General and the Commission for the Investigation of Abuse of Authority (CIAA). Both face expanded responsibilities and workloads without proportionate increases in staffing or funding. For example, a recent Act of Parliament disbanded the national police force's special anti-corruption unit, staffed by 100 officers. Its responsibilities were shifted to the CIAA, which had to take on the unit's duties without an increase in staff. The CIAA has only 35 investigating officers.

High-Level Investigation, but Still No Convictions

4. (U) The CIAA's most-publicized case to date was a bribery scandal related to the government's lease of a passenger jet. As part of its investigation, the CIAA in May 2001 was able to question then-Prime Minister Gijira Prasad Koirala about his role in affair (Ref C). As a result of the CIAA's work, the Executive Chairman of Nepal's national airline was suspended from his post and cases were brought against ten individuals. Appeals continue and as yet no one has been punished. The CIAA blames difficulties in proving white-collar crime and unsympathetic judges for the fact that they lose nearly all the cases they bring to court.

5. (U) In recent months Nepal's media have focused on the CIAA's investigation into the use of falsified documentation to secure government employment. The use of fraudulently obtained graduation certificates and other documents--many obtained from India--is widespread in Nepal's bureaucracy.

Multilateral Aid

6. (U) The Asian Development Bank (ADB) has taken the lead in working with Nepal on anti-corruption initiatives. The ADB works primarily through the CIAA and the Ministry of General Administration. According to the ADB's Senior Governance Officer, on-going anti-corruption and civil service reform programs resulted in the passage of four new anti-corruption acts during the last session of Parliament (Ref B). To date, few provisions of the new act have taken effect, however. An exception is a new requirement that civil servants fill out asset disclosure forms. [Note: Several government officials have complained to us about having to fill out these forms, so the requirement is being enforced and could have an impact on corrupt practices. End Note.]

Bilateral Assistance

7. (U) The Danish aid agency, DANIDA, provides support and technical assistance to CIAA. The British development arm--DFID--funds a governance program with an anti-corruption component. Currently USAID does not have specific programs targeted against corruption.

Civil Society

18. (U) Transparency International and Pro-Public both conduct anti-corruption awareness campaigns in Nepal. In addition, Pro-Public has worked closely with the CIAA to improve its capacity.
International Pressure

19. (U) The public statement issued after the June 19-20 meeting in London of major aid donors to Nepal welcomed the expressed commitment of the Government of Nepal to address, inter alia, the problem of corruption. Although much remains to be done to reduce corruption, the GON is under growing pressure by the international community to implement reforms to increase transparency, accountability, and the rule of law.
MALINOWSKI